

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01 PA-01

PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 FEAE-00 INT-05 SAM-01

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PASS TREASURY FOR WIDMAN/OASIA

E.O. 11652: N/A

TAGS: EFIN JA

SUBJ: MOF VMIN COMMENT ON PETRODOLLAR INFLOW

REF: A. FAUVER-ESCOUBE TELCON; B. TOKYO 11847, SEPT 26, 1974;

C. TOKYO A-707, NOV 22, 1974

1. REUTERS'REPORT OF \$2 BIL PETRODOLLAR INFLOW TO JAPAN MENTIONED REF A STEMS FROM ESTIMATE GIVEN BY VMIN YOSHIDA AT PRESS CONFERENCE. FIGURE CITED IS UPPER LIMIT OF ESTIMATE FOR DIRECT BANK INFLOW OF PETRODOLLARS DURING 1974. IT DOES NOT REFER TO SPECIFIC BORROWING ARRANGEMENT.

2. IN RESPONSE TO COMMENT ABOUT REUTERS' REPORT OF \$2 BIL INFLOW OF PETRODOLLARS TO JAPAN IN 1974, YAMAZAKI, ASST TO MOV VMIN YOSHIDA, PROVIDED ASST FINATT WITH FOLLOWING ACCOUNT OF REPORT'S ORIGIN. WHEN QUESTION OF PETRODOLLAR INFLOW TO JAPAN CAME UP IN BRIEFING FOR FOREIGN PRESS CONDUCTED BY VMIN, YOSHIDA SAID TOTAL INFLOW WAS "BETWEEN
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ONE AND TWO BIL DOLLARS." ACCORDING TO YAMAZAKI, THIS

RESPONSE "MADE ALL CORRESPONDENTS DISPLEASED." REUTERS CORRESPONDENT POINTED OUT THAT \$1 BIL ALREADY ACCOUNTED FOR BY 5-YEAR DEPOSITS AT COMMERCIAL BANKS ARRANGED BY GOJ (REPORTED REF B). YOSHIDA RESPONDED THAT THERE WERE REPORTS OF SUCH A TRANSACTION BUT IT HAD NEVER BEEN OFFICIALLY ANNOUNCED BY MOF. IN ANY CASE, THE VMIN CONTINUED, THE TOTAL BANK INFLOW FROM OIL PRODUCING COUNTRIES COULD NOT BE ACCURATELY ESTIMATED BUT IT WAS PROBABLY CLOSER TO THE \$2 BIL LEVEL.

3. INCREASE IN JAPANESE BANK BORROWING IN EURODOLLAR MARKET AND FROM AMERICAN BANKS IN JAN-SEPT 1974 EXCEEDED \$10 BIL (MEASURED BOTH GROSS AND NET WITH RESPECT TO INTEROFFICE TRANSACTIONS BETWEEN BRANCH BANKS IN JAPAN AND ABROAD AND THEIR HEAD OFFICES - REF C); YOSHIDA ESTIMATE THEREFORE REFERS ONLY TO \$1 BIL DEPOSIT (REF B) PLUS PETRODOLLARS DIRECTLY DEPOSITED WITH JAPANESE BRANCHES ABROAD AND REMITTED TO JAPAN. ESTIMATE EXCLUDES PURCHASES OF JAPANESE SECURITIES.

4. YAMAZAKI SAID THE ESTIMATE WAS NOT RPT NOT CONNECTED IN ANY WAY WITH THE CURRENT VISIT TO MIDEAST COUNTRIES OF A PRIVATE BANK DELEGATION HEADED BY BANK OF TOKYO.

5. FINATT NOTES THAT CONTRARY TO VMIN YOSHIDA'S CLAIM THAT THE \$1 BIL BORROWING ARRANGED FOR SEPT AND OCT 1974 HAD NEVER BEEN OFFICIALLY ANNOUNCED, TOKYO ENG LANGUAGE PRESS DEC 21, 1974, REPORTS THAT MOF DIRGEN OKURA DISCLOSED THE LOAN TO THE DIET DEC 24.
HODGSON

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